## Message Text

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**ACTION EUR-12** 

INFO OCT-01 IO-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 PA-01 PRS-01 USIA-06  $/050~\mathrm{W}$ 

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R 141735Z OCT 75 FM AMEMBASSY ROME

TO SECSTATE WASHDC 3639

NFO RUFHOL/AMEMBASSY BONN 6665

AMEMBASSY LONDON

AMEMBASSY PARIS

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E.O. 11652: DECONTROL AFTER ONE YEAR

TAGS: ELAB, PINT, EGEN, IT

SUBJECT: LABOR DIALOGUE WITH GOVERNMENT THREATENED

**REF: ROME 14521** 

- 1. SUMMARY. PRESSURE FROM THE AUTONOMOUS UNIONS AND THE RANK AND FILE WITHIN THE FEDERATION CGIL-CISL-UIL (CCU) THREATENS TO DISRUPT THE DIALOGUE WHICH HAS DEVELOPED SINCE LAST JULY BETWEEN THE MORO GOVERNMENT AND THE UNIONS. DESPITE THE DISINCLINATION OF THE CCU TO BRING DOWN THE CURRENT GOVERNMENT, IT HAS THREATENED A GENERAL STRIKE IF MINIMUM SALARY INCREASES REQUESTED BY RAILWAY WORKERS AND OTHER PUBLIC EMPLOYEES ARE NOT MET. END SUMMARY.
- 2. RESULTS OF MEETING ON OCTOBER 10 BETWEEN CCU AND GOI LEADERS WHICH WAS CALLED TO DISCUSS MEASURES FOR INCREASING INVESTMENT AND PROTECTING EMPLOYMENT LEVELS AND ISSUES AFFECTING PUBLIC EMPLOYMENT WERE DENOUNCED BY UNION LEADERS. A CCU DIRECT-ORATE STATEMENT SAIDGOVERNMENT PROPOSALS ON INVESTMENT AND EMPLOYMENT LEVELS WERE VAGUE. CGIL SECRETARY GENERAL LAMA THREATENED LIMITED OFFICIAL USE

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A GENERAL STRIKE, WHICH COULD BRING DOWN THE CURRENT GOVERN-

MENT, IF RAILROAD WORKERS, POSTAL WORKERS AND CERTAIN OTHER CATEGORIES OF PUBLIC EMPLOYEES DO NOT RECEIVE AT LEAST AT 25,000 LIRE PER MONTH SALARY INCREASE.

- 3. THE REACTION OF THE CISL AND UIL LEADERSHIP HAS BEEN MORE TEMPERED. THEY ARE CONCERNED NEVERTHELSS THAT AUTONOMOUS AND RANK AND FILE PRESSURES MAY ENDANGER THE CURRENT DIAGLOGUE WITH THE GOI. BOTH CISL NATIONAL SECRETARY GIUSEPPE REGGIO AND UIL SECRETARY GENERAL RAFFEALE VANNI INDICATED TO THE REPORTING OFFICER THEY ARE RELUCTANT TO SEE THE CURRENT GOVERNMENT COLLAPSE SINCE MANY CONCESSIONS AGREED TO IN RECENT MONTHS HAVE NOT YET BEEN ENACTED. (THE CREATION OF A NEW GOVERNMENT WULD MEAN RENOGITATING THOSE ISSUES FROM SCRATCH.)
- 4. WHILE THE SERIES OF RAILWAY STRIKES CALLED FOR BY THE AUTONOMOUS UNIONS FISAFS AND THE NEO FASCIST CISNAL BEGINNING ON OCTOBER 12 (SEE REFTEL) HAVE INITIALLY BEEN SUCCESSFUL ONLY IN SICILY AND SARDINIA, PASQUALE IANNONI, SECRETARY GENERAL OF THE CISL RAILWAY WORKERS (SAUFI) HAS EXPRESSED HIS CONCERN THAT THE RANK AND FILE COULD REVOLT AGAINST CCU LEADERSHIP IN THE PUBLIC SECTOR IF MINIMUM SALARY DEMANDS FOR CERTAIN LOW-PAID CATEGORIES ARE IGNORED. THE SITUATION IS FURTHER COMPLICATED BY PUBLIC DABATE OVER WIDELY VARYING PAY SCALES IN THE PUBLIC SECTOR WHICH GIVE CHAU-FFERS IN THE CHAMBER OF DEPUTIES, FOR EXAMPLE, HIGHER STARTING SALARIES (469,000 LIRE PER MONTH) THAN THE MOST SENIOR PAY LEVELS FOR HIGH SCHOOL TEACHERS (400,000 LIRE PER MONTH). AT THE SAME TIME THE CURRENT GOVERNMENT IS FACING PRESSURE FROM WITHIN BY DEPUTY PRIME MINISTER UGO LAMALFA WHO HAS THREATENED TO RESIGN IF WAGE CONCESSIONS IN THE PUBLIC SECTOR THREATEN THE GOVERNMENT'S ECONOMIC RECOVERY PROGRAM.
- 5. COMMENT. PRIME MINISTER MORO APPEARS TO BE SEEKING A COMPROMISE WHICH WOULD INVOLVE SALARY CONCESSIONS UP TO 25,000 LIRE PER MONTH FOR LOW PAID WORKERS IN SOME PUBLIC SECTOR CATEGORIES SUCH AS THE RAILROADS WHO EARN BELOW 350,000 LIRE PER MONTH BUT NO ADVANCES FOR HIGHER PAID PUBLIC EMPOYEES. HE RUNS THE RISK NEVERTHELESS THAT LAMALFA AS A MINIMUM AND POSSIBLE HIS WHOLE CABINET WOULD SUBMIT THEIR RESIGNATIONS IF THE SUBJECT SALARY CONCESSIONS THREATEN CURRENT FISCAL RESTRAINT POLICIES. LIMITED OFFICIAL USE

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IN THE MEANTIME THE CONTROVERSY OVER WIDE DISCREPANCIES IN PUBLIC SECTOR PAY SCALES HAS RESULTED IN THE TENDERED RESIGNATION OF CHAMBER OF DEPUTIES PRESIDENT SANDRO PERTINI (PSI). VOLPE

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: POLITICAL SITUATION, LABOR UNIONS, LABOR STRIKES, GOVERNMENT PERSONNEL

Control Number: n/a Copy: SINGLE Draft Date: 14 OCT 1975 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME14874

Document Number: 1975ROME14874
Document Source: CORE
Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: N/A Errors: N/A

Film Number: D750356-0347

From: ROME

Handling Restrictions: n/a

Image Path:

Legacy Key: link1975/newtext/t19751055/aaaabxah.tel Line Count: 111 Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION EUR

Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE

Previous Classification: Limited Official Previous Handling Restrictions: n/a Reference: 75 ROME 14521
Review Action: RELEASED, APPROVED Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 24 APR 2003

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <24 APR 2003 by ShawDG>; APPROVED <28 APR 2003 by GolinoFR>

**Review Markings:** 

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**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: LABOR DIALOGUE WITH GOVERNMENT THREATENED TAGS: ELAB, PINT, EGEN, IT To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006